

CTIA®

June 8, 1993

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Donna R. Searcy
Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington D.C. 20554

Re: Gen Docket No. 90-314
ET Docket No. 92-100
Ex Parte Presentation

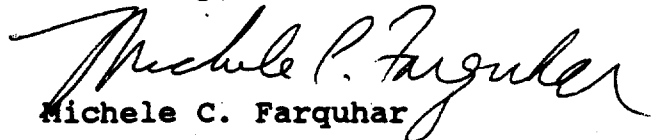
Dear Ms. Searcy:

On Tuesday, June 8, 1993, the Cellular Telecommunications Industry Association ("CTIA"), represented by Michele C. Farquhar and Michael Hirsch, met with Common Carrier Bureau staff members Kathleen Levitz, Kelly Cameron, and Myron Peck to discuss the issue of cellular eligibility in the PCS proceeding. The attached document outlines CTIA's presentation at this meeting.

CTIA's positions concerning the above-referenced proceedings are outlined in its comments and reply comments in this docket.

If there are any questions in this regard, please contact the undersigned.

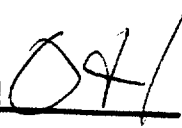
Sincerely,


Michele C. Farquhar

Vice President for Law and
Regulatory Policy
Cellular Telecommunications
Industry Association

cc: Kathleen Levitz
Kelly Cameron
Myron Peck

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ARGUMENTS FOR CELLULAR ELIGIBILITY FOR PCS SPECTRUM

1. Open Entry Fosters Competition for All Types of New PCS Services and Users

There are at least three "visions" of PCS -- and only the first one raises any competitive concerns regarding cellular eligibility:

- ◆ Competition to Cellular (Voice Services) -- viewing PCS as replicating cellular service and providing additional competition to the current providers
- ◆ Competition to the Local Telephone/Cable Company (Narrowband/Broadband Networks) -- viewing PCS as providing a wireless infrastructure that can compete with the hardwired "local loop" in offering voice/broadband services
- ◆ Competition to Cable/Computer Cos. (New Broadband Data/Video Services) -- viewing PCS as offering a wide range of broadband applications, including new high speed data, video and multimedia services

Limiting cellular eligibility adopts the narrowest possible vision of PCS. *Moreover, limiting entry and the number of PCS licensees effectively "protects" certain large PCS proponents from competition in offering new broadband services -- including many of the same parties who are also planning to offer these services through broadband wired networks (through the "one wire" to the home).*

Existing Cellular Subscribers Benefit:

- ◆ Requiring cellular to offer new broadband PCS services within their existing spectrum would "betamax" 11 million existing analog subscribers. Moreover, allowing cellular eligibility will best ensure the development of new integrated, interoperable PCS equipment accessible to existing cellular customers.

New Entrants Benefit:

- ◆ With open entry and more PCS licenses, entrepreneurs, minority businesses and new entrants can benefit from the opportunity to participate in PCS ventures with more potential partners and sources of capital

3. Deployment of PCS Will Be Accelerated with Cellular Eligibility

- ◆ Cellular providers can speed PCS deployment by drawing upon the expertise they have developed in the mobile marketplace over the past ten years
- ◆ Cellular offers economies of scale and scope that will also accelerate PCS deployment, benefiting consumers
- ◆ Accelerated deployment of PCS conforms with Section 157 of the Communications Act, which mandates encouraging the provision of new technologies and services to the public

4. Open Entry Bolsters International Competitiveness and Spurs Investment, Jobs

- ◆ Cellular cos. want to offer new services at 1.8 GHz -- restricting cellular eligibility will forfeit new investment and job opportunities
- ◆ Exporting wireless technology depends upon experience at home -- many countries require a proven track record in U.S. before licensing
- ◆ Open entry will stimulate greater infrastructure development

5. Open Entry Maximizes Government Auction Revenues

- ◆ Open entry and more PCS licenses maximizes potential auction revenues, as recognized in other government auctions (Conrail, mineral rights leases); this is crucial to the CBO and OMB spectrum auction revenue projections
- ◆ Cellular eligibility allows some of the most interested parties to participate (at least two bidders in every market, or more if larger geographic markets are used)

6. Policymakers Should Refrain From Adopting Unmanageable and Unrealistic Marketplace Restrictions, or Inadvertently "Protecting" Certain Proponents

- ◆ Policymakers should recognize that cross-ownership restrictions are less favored and less manageable in today's converging communications marketplace. For example, Time Warner and U S WEST are exploring new opportunities through the synergies they expect from their partnership.
- ◆ Policymakers shouldn't presume that market failure will occur -- they can adopt corrective measures, if necessary, should anti-competitive situations develop in particular markets
- ◆ *Policymakers should not inadvertently limit competition or "protect" certain PCS proponents by restricting entry or allocating too few licenses.* Instead, the government should foster a competitive marketplace, and adopt market-based principles to allocate spectrum.

7. The Cellular Industry Deserves an Equal Opportunity to Offer New Broadband Wireless Services, Without "Betamaxing" Existing Subscribers

Existing Cellular Customers and Channelization Limit Current Capacity

- ◆ Over 11 million cellular (analog) subscribers should not be condemned to premature obsolescence. Cellular's obligations to existing analog customers and the need to ensure compatibility among analog and new digital customers will consume at least 20 MHz of cellular's 25 MHz allocation through the year 2000.
- ◆ New broadband services are technically incompatible with cellular's narrowband channelization and spectrum allocation. And manufacturers of new wireless and PCS equipment may limit their focus to the 1.8 GHz band, effectively preventing cellular entry within their current spectrum

Cellular Should Not Be "Locked Out" of the Broadband Communications Future:

- ◆ The cellular industry should not be "locked out" of the ability to upgrade and offer new services. *More than 350 cellular providers should have the same opportunity as cable, broadcast, telephone, computer, and other wireless providers to enter new businesses and compete in the broadband future -- the new growth area in telecommunications.*
- ◆ Cellular should not be penalized for its past success in bringing service to an expanding market. Broadcast and SMR licensees have been promised more spectrum to offer new services -- and incumbents will get priority over new entrants. *Cellular providers face similar capacity and channelization constraints within their current spectrum, particularly given their analog obligations*